

TO: County Clerk and Recorder and Board of County Commissioners

FROM: R. Michael Duncan, Supervisor
Audit Review Section

RE: Requirements Regarding:
1. Audit Report Publishing
2. Responses to Audit Report Findings and Recommendations

1. Audit Report Publishing Requirements

The Montana Single Audit Act (Title 2, Chapter 7, Part 5, MCA) requires each audited County to send a copy of their annual or biennial audit report to a newspaper of general circulation in their area. Entity officials will want to request their independent auditor to provide them with an additional copy of the audit report.

In addition, the law requires each audited County to send to their appropriate newspaper a Summary of Significant Findings, as prepared by the independent auditor. This summary must contain a statement indicating that it is only a summary and is not intended to be used as an audit report. The summary, which is not to exceed 800 words, must be published, along with a statement to the effect that the audit report is on file in its entirety and open to public inspection.

Publication is required to be done 30 days after you receive the audit report. Enclosed is a sample letter to the newspaper regarding publication of the Summary of Significant Findings regarding the audit, and a sample publication that you may want to utilize.

2. Responses to Audit Report Findings and Recommendations

Local government entities are required to notify the Department of Administration in writing as to the actions they plan to take on any deficiencies or recommendations contained in their audit report. This response or corrective action plan is required to be submitted to the Department of Administration within 30 days of receipt of the audit report

If you have any questions on the entity response requirements, please contact our office at 841-2907.

Enclosures: Sample Letter to Newspaper Regarding Publication of Summary of Significant Findings Regarding Audit
Sample Publication
Section 2-7-521, MCA
Section 2-7-515, MCA

SAMPLE

AUDIT PUBLICATION INTRODUCTION

An audit of the affairs of [Name of County] has been conducted by [Name of Auditor]. The audit covered the fiscal year(s) ended June 30, 19__ [and 19__]. Section 2-7-521, MCA, requires the publication of the following summary of significant findings.

Summary of Significant Findings

The audit report for [Name of County] for the fiscal year(s) ended June 30, 19__ [and 19__], contained an Independent Auditor's Report on the County's general purpose financial statements. The report issued for the fiscal year(s) ended June 30, 19__ [and 19__] was an [unqualified][qualified][adverse] report.

The audit report also contained several other auditor's reports. Following is a listing of the reports and a summary of the findings included in each. This is only a summary and is not intended to be used as an audit report.

1. Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* - This report contained findings on the following matter:
 - a. Fixed Assets
2. Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 - This report contained findings on the following matter:
 - a. Allowable Costs
3. Independent Auditor's Report on Other Compliance, Financial, and Internal Accounting Control Matters OR Management Letter OR other schedule or letter containing matters which have not been included in the above auditor's reports [modify title as necessary] - This report contained findings on the following matters:
 - a. Budget Overdraft
 - b. Interest Earnings
4. Independent Auditor's Report on Prior Audit Report Recommendations - This report summarized the findings from the prior audit report, and noted the action taken on them.

Public Inspection of Audit Report

The complete audit report is on file in its entirety and open to public inspection at the County Court House.

Very truly yours,

[NAME AND TITLE OF COUNTY
OFFICIAL OR REPRESENTATIVE]

SAMPLE

DATE

Name of Newspaper

Address

City, MT 59---

Gentlemen:

Section 2-7-521, MCA, provides that thirty days after a County audit report is forwarded to the County officials, the County shall send to the official newspaper of the County for publication:

1. a summary of significant findings, including a statement indicating that it is only a summary and is not intended to be used as an audit report, and 2. a statement that the audit report is on file in its entirety and open to public inspection. All publication costs are required by statute to be borne by the [name of County], so please bill us for those costs.

Also enclosed for your information, as required by statute, is a complete copy of the audit report. The audit report is not required by law to be published. Only the Summary of Significant Findings should be published.

Thank you for your cooperation.

Sincerely,

[name and title of County official/representative]

Pages enclosed to be published - ____ page(s)

Billing Address: [name of County and mailing address]

2-7-521. Publication. (1) (a) After the expiration of the 30-day period provided for in 2-7-515(1), the local government entity shall send a copy of each audit report to a newspaper of general circulation in the area of the local government entity. However, each county audit report must be sent to the official newspaper of the county.

(b) For an audit report of a county or an incorporated city or town, the county, city, or town shall send to the appropriate newspaper a copy of a summary of significant findings regarding the audit report. The summary, which may not exceed 800 words, must be prepared by the independent auditor and contain a statement indicating that it is only a summary and is not intended to be used as an audit report.

(2) For an audit report of a county or incorporated city or town, a newspaper is required to publish only:

(a) the summary of significant findings provided for in subsection (1)(b); and

(b) a statement to the effect that the audit report is on file in its entirety and open to public inspection.

(3) For an audit report of a local government entity other than a county or incorporated city or town, the newspaper is required to publish only the statement provided for in subsection (2)(b) and a statement providing that the audited local government entity will send a copy of the audit report to any interested person upon request.

(4) Publication costs must be borne by the audited local government entity.

History: En. 82-4523 by Sec. 9, Ch. 380, L. 1975; R.C.M. 1947, 82-4523; amd. Sec. 1, Ch. 386, L. 1983; amd. Sec. 3, Ch. 140, L. 1989; amd. Sec. 1, Ch. 607, L. 1989; amd. Sec. 17, Ch. 489, L. 1991.

2-7-515. Actions by governing bodies. (1) Upon receipt of the audit report, the governing bodies of each audited local government entity shall review the contents and within 30 days shall notify the department in writing as to what action they plan to take on any deficiencies or recommendations contained in the audit report. If no deficiencies or recommendations appear in the audit report, notification is not required.

(2) Notification to the department shall include a statement by the governing bodies that noted deficiencies or recommendations for improvement have been acted upon by adoption as recommended, adoption with modification, or rejection.

(3) The local government entity shall adopt measures to correct the report findings and submit a copy of the corrective action plan to the department and, if the local government entity is a school district, shall also send a copy to the superintendent of public instruction. The department shall notify the entity of the acceptance of the corrective measures. If the department and the local government entity fail to agree, a conference between the parties must be held. Failure to resolve findings or implement corrective measures shall result in the withholding of financial assistance in accordance with rules adopted by the department pending resolution or compliance.

(4) In cases where a violation of law or nonperformance of duty is found on the part of an officer, employee, or board, the officer, employee, or board must be proceeded against by the attorney general or county, city, or town attorney as provided by law. If a written request to do so is received from the department, the county, city, or town attorney shall report the proceedings instituted or to be instituted, relating to the violations of law and nonperformance of duty, to the department within 30 days after receiving the request. If the county, city, or town attorney fails or refuses to prosecute the case, the department may refer the case to the attorney general to prosecute the case at the expense of the local government entity.

History: En. 82-4521, 82-4522 by Secs. 7, 8, Ch. 380, L. 1975; R.C.M. 1947, 82-4521(2), 82-4522; amd. Sec. 1, Ch. 128, L. 1991; amd. Sec. 13, Ch. 489, L. 1991.